

**CITY OF ENUMCLAW**  
**King County, Washington**  
**January 1, 1992 Through December 31, 1992**

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**Schedule Of Findings**

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1. Annual Financial Reports Should Be Filed Timely

The City of Enumclaw's 1992 annual financial reports were not filed with the State Auditor until August 20, 1993.

RCW 43.09.230 states:

The state auditor shall require from every taxing district . . . financial reports covering the full period of each fiscal year . . . in accordance with the forms and methods prescribed by the state auditor . . .

Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year.

Failure to prepare and file timely annual financial reports denies the taxpayers and investors a complete picture of the city's financial position, and precludes the city council from having meaningful information for decision making.

These reporting deficiencies were due to changes in personnel and programming errors in the financial system.

We recommend future annual financial reports be prepared and filed within the statutory deadline.

2. Accounting Controls Over The Fixed Assets Should Be Strengthened

The City of Enumclaw did not have adequate internal controls to safeguard or account for its fixed assets, as follows:

- a. The city lacked comprehensive written fixed asset procedures.
- b. Most machinery and equipment was not tagged for identification.
- c. Fixed asset subsidiary ledgers were not complete or updated on a timely basis.
- d. Periodic physical inventories of fixed assets had not been taken and reconciled with the fixed asset subsidiary ledgers.

Without adequate accounting controls, the city lacks the ability to adequately safeguard its fixed assets. Furthermore, the deficiencies noted above increase the likelihood that errors or irregularities could occur and not be detected in a timely manner.

We recommend city officials develop and implement accounting policies and procedures for fixed asset accounting. We further recommend an annual physical inventory of fixed assets be conducted and any differences between physical inventory and the fixed asset subsidiary ledgers be resolved.

3. Accounting Controls Over The Municipal Court Should Be Strengthened

Our audit of the Enumclaw Municipal Court disclosed many gaps in the sequential receipt numbers on the cash receipt reports generated by the court's new Quadrant Cash Receipting System. The cash receipt reports are generated based on a manually controlled sort date. Changing the sort date causes receipt numbers, which are included in the Quadrant system, to be excluded from the cash receipt reports.

The problems were, to a large extent, due to the implementation of the new receipting system.

In addition to this serious internal control weakness we noted:

- a. Inadequate segregation of duties.
- b. No accounting for completeness of sequential receipt numbers or reconciliation of receipt numbers to the detail daily journal reports.
- d. Poor audit trail on some nonroutine financial transactions entered into the court's Quadrant Cash Receipt System.

After much audit effort, we were able to account for all but four missing receipts.

A well designed internal accounting control structure includes comparison and reconciliation of actual assets to recorded transactions. Without accurate reconciliations and with the lack of complete accounting reports, the court cannot adequately safeguard and report its financial activities. Additionally, the deficiencies noted above increase the possibility of errors or irregularities occurring and not being detected in a timely manner.

We recommend city officials develop and implement an effective internal control structure which includes an adequate audit trail and accurate reconciliations of financial data. We further recommend all cash transactions be printed on the daily cash reports.

4. The Police Department Should Account For Disposition Of Every Citation Issued

The Enumclaw Police Department issues traffic infraction citations which are forwarded to the city's municipal court for disposition. During our audit, we noted that the police department kept no record of citations' final disposition by the court.

RCW 46.64.010 states in part:

The chief administrative officer of every traffic enforcement agency shall require the return to him of a copy of every traffic citation issued by an officer under his supervision to an alleged violator of any traffic law or ordinance and of all copies of every traffic citation which has been spoiled or upon which any entry has been made and not issued to an alleged violator . . . Such chief administrative officer shall also maintain or cause to be maintained in connection with every traffic citation issued by an officer under his supervision a record of the disposition of the charge by the court . . . .

The police department requested such information from the court, however, the court was unable to provide the information due to volume.

We recommend city police and court officials develop and implement a mechanism for tracking citations in compliance with the statute.